**Cawston Parish Council**

Internal Audit Report

For Cawston Parish Council

Financial Year 2021/2022

Prepared by Maureen Anderson-Dungar

10 May 2022

**Actions for your Council are now:**

1. Discuss this report with your Council and take any appropriate action. This should be minuted.

I have completed an internal audit of the accounts for Cawston Parish Council for the year ending 31 March 2022

My findings are detailed below using the tests provided in the **Governance and Accountability (England) 2018.**

**I would like to thank the Clerk for providing me with all the information required for the Internal Audit.**

| **Internal control** | **Test** | **Observations** |
| --- | --- | --- |
| Proper bookkeeping | Is the cashbook maintained and up to date? | Yes |
| Is the cashbook arithmetically correct? | Yes |
| Is the cashbook regularly balanced? | Yes |
| Standing Orders, Financial Regulations and payment controls | Has the council formally adopted Standing Orders and Financial Regulations? | Yes |
| Date Standing Orders last reviewed | February 2022 and available on website |
| Date Financial Regulations last reviewed | February 2022 and available on website |
| Has a Responsible finance officer been appointed with specific duties? | Yes, the Clerk is the RFO |
| Have items or services above the de minimus amount been competitively purchased? | N/A |
| Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted? | Yes. |
| Have legal powers been identified for purchases? | s.137 is the only power identified |
| Has VAT on payments been identified, recorded and reclaimed? | Yes |
| Is s137 expenditure separately recorded and within statutory limits? | Yes, only one small payment during the year. |
| Are S137 payments commensurate? | Yes |
| Have S137 payments been approved and included in the minutes as such? | The one payment was included in the Minutes but not identified as s.137. |
| Risk management arrangements | Does a review of the minutes identify any unusual financial activity? | No |
| Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme? | Yes, risk assessment also available on website. |
| Is insurance cover appropriate and adequate? | Insurance cover reviewed annually |
| Are internal financial controls documented and regularly reviewed? | Internal Control Policy 2022, also available on website. |
| Budgetary controls | Has the council prepared an annual budget in support of its precept and has this been minuted as being approved? | Yes, budget discussed, accepted and copy provided for audit. . |
| Has the precept been calculated from the budget and been approved? | Yes, |
| Does the budget include an actual completed year? | Yes. |
| Is actual expenditure against budget regularly reported to the council? | No specific budget report, but all receipts and payments are reported to each meeting. Progress against budget included in year end accounts |
| Are there any significant unexplained variances from budget? | None |
| Income controls | Is income properly recorded and promptly banked? | Yes |
| Does the precept recorded agree to the Council Tax authority’s notification? | Yes. |
| Are security controls over cash and near-cash adequate and effective? | All payments are included in Minutes, and made by cheque, , with the exception of the S/O to Clerk, and to URM Recycling Precept/CILGrants/VAT refund received via BACS. |
| Petty cash procedures | Is all petty cash spent recorded and supported by VAT invoices/receipts? | The Council does not operate a petty cash system. |
| Is petty cash expenditure reported to each council meeting? | Not applicable. |
| Is petty cash reimbursement carried out regularly? | Not applicable. |
| Payroll controls | Do all employees have contracts of employment with clear terms and conditions? | Yes, the Clerk has a contract of employment, a copy was provided for audit. |
| Do salaries paid agree with those approved by the council? | Yes, salary according to SCP agreed and documented on monthly payslip |
| Are salaries above the National Living Wage / Minimum Wage? | Yes, in accordance with NALC/SLCC scales |
| Are other payments to employees reasonable and approved by the council? | Yes, all payments supported by relevant invoices/receipts and clearly stated on monthly pay slip. |
| Have PAYE/NIC been properly operated by the council as an employer? | Yes. |
| Asset controls | Does the council maintain a register of all material assets owned or in its care? | Not covered under this audit |
| Where appropriate, are these inspected annually? | Playground inspection carried out in June 2021 by professional company |
| Are the assets and Investments registers up to date? | Not covered |
| Do asset insurance valuations agree with those in the asset register? | No records provided for audit |
| Bank reconciliation | Is there a bank reconciliation for each account and is this reported to council? | Yes, recorded and signed |
| Is a bank reconciliation carried out regularly and in a timely fashion? | Yes, copies provided. |
| Are there any unexplained balancing entries in any reconciliation? | None |
| Is the value of investments held summarised on the reconciliation? | Yes |
| Year-end procedures | Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)? | Receipts & Payments |
| Do accounts agree with the cashbook? | Yes |
| Has a year-end bank reconciliation been undertaken? | Yes |
| Is there an audit trail from underlying financial records to the accounts? | Yes – all relevant invoices and correspondence included. |
|  | Where appropriate, have debtors and creditors been properly recorded? | N/A |
| Is the Council adhering to the Transparency Code? (only relevant for councils with turnover of under £25,000)  See Supplementary Page 1 | N/A |
| Councils that  Are Burial  Authorities | Are fees levied in accordance with the Council’s approved scale of fees and  Charges? | No scale of fees and charges provided for audit. |
|  | Have fees for the Cemetery been reviewed and agreed by the Council? | No evidence provided for audit. |
|  | Were comparisons made with other cemeteries prior to setting the fees? | No evidence that a review has taken place during the year. |
|  | Have Burial Books been kept up to date and are safely stored | No Burial Books provided for audit. |
| Procedural | Have minutes been signed by the Chairman?  Has the Chairman initialled each page of the Minutes Book?  Has the Chairman signed the original year end bank statements?  Has the Chairman signed the year end bank reconciliation?  Is eligibility for the General Power of Competence properly evidenced?  Have points raised on the last Internal Audit report been considered by council and actioned? | Yes  Yes  To be completed  Yes and recorded in Minutes  Council uses s.137  Yes. |

**Summary of my recommendations:**

I am pleased to note that the recommendations related to Standing Orders, Financial Regulations, Risk Assessment Management and Internal Control systems have been carried out during 2021/22 and the relevant documents available on the Council’s website.

The Asset Register remains outstanding and should be a priority for this year.

The Council is a burial authority, but no burial registers or records were provided for audit other than the recording of fees in the accounts. There is no evidence that fees/charges have been reviewed, and this should be carried out and recorded on an annual basis.

It is noted from the Minutes that following the closure of the local branch of Barclays Bank, the Council is looking into other bank possibilities, including online banking.

It is also noted that the Clerk resigned with effect from 31 January 2022, and a new Clerk was appointed in January 2022.

# 

……………………………………… …………………

Signed Date